

DELBELLO DONNELLAN WEINGARTEN
WISE & WIEDERKEHR, LLP
Proposed Attorneys for the Debtor
One North Lexington Avenue
White Plains, New York 10601
(914) 681-0200
Jonathan S. Pasternak, Esq.
Julie Cvek Curley, Esq.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

JL NET BARGAINS, INC.,

Chapter 11
Case No. 17-77375

Debtor.

-----X

**DECLARATION OF JERRY MAURER PURSUANT
TO LOCAL BANKRUPTCY RULE 1007-4 IN SUPPORT
OF DEBTOR'S CHAPTER 11 PETITION**

JERRY MAURER, being duly sworn, upon the penalties of perjury, hereby declares and states:

1. I am the President and sole shareholder of JL Net Bargains, Inc., the above captioned debtor and debtor-in-possession (the "Debtor"). I am fully familiar with the Debtor's business affairs and operations, and am duly authorized to make this Declaration on the Debtor's behalf.

2. I submit this Declaration (a) in support of the Debtor's voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), (b) to assist the Court and other interested parties in understanding the circumstances giving rise to the commencement of the Chapter 11 case, and (c) to provide general information about the Debtor's business operations.

3. On November 30, 2017 (the “Filing Date”), the Debtor filed a voluntary petition for relief pursuant to Chapter 11 of the Bankruptcy Code (the “Chapter 11 Case”). No trustee, examiner, or statutory committee has been heretofore appointed.

4. The Debtor is a domestic business corporation duly formed under the laws of the State of New York. The Debtor was formed on September 29, 2004 and remains active and in good standing in accordance with the laws of the State of New York.

Local Rule 1007-4(a)(i)

5. The Debtor is a small business debtor within the meaning of Bankruptcy Code §101(51D).

Local Rule 1007-4(a)(ii)

6. The Debtor operates an internet marketing and direct online sales business, offering online memberships with a focus on educating entrepreneurs in the field of internet marketing.

7. On July 31, 2015, the Debtor was named as a co-defendant along with 12 other named marketing and sales companies and related individuals in a lawsuit commenced and prosecuted by a pro se plaintiff in an action encaptioned *Craig Cunningham v. Enagic USA, Inc. Et Al.*, in the United States District Court for the Middle District of Tennessee, Index No. 15-00847 (the “District Court Action”).

8. Apparently, Mr. Cunningham is a serial litigant who frequently brings “robo call” litigations in his individual capacity and preys on unsuspecting entrepreneurs like the Debtor. He apparently obtains a company’s banking and other information pretending to be a would-be customer and then uses it against unsuspecting companies who fall prey to default judgments in his pro se law suits.

9. As an unsophisticated layperson, I did not realize that the Debtor was required to file a formal answer to the complaint.

10. On November 27, 2017 I received in the mail a copy of a Corrected Judgment which was apparently a default judgment entered against the Debtor and several other unrelated defendants in the District Court Action in the amount of \$259,500 (the “Default Judgment”)!

11. The underlying claim against the Debtor in the District Court Action involved *one alleged text* made by the Debtor – *one text which the Debtor denies ever having made!*

12. The amount of the Judge is beyond excessive, is punitive, and the Debtor intended to move to immediately vacate the default judgment.

13. Prior to receiving the Default Judgment in the mail, on November 23, 2017, the morning of Thanksgiving, the Debtor woke up to find its bank account already frozen by Office of the Sheriff of Montgomery, Pennsylvania, the apparent domicile of James E. Shelton, to whom Craig Cunningham allegedly assigned the Default Judgment on November 17, 2017 and was thereafter served by mail with a write of execution by this Sherriff.

14. In an attempt to save the business and avoid irreparable harm and forfeiture of the Debtor’s entire cash resources and working capital, the Debtor filed the instant Chapter 11 petition to preserve its business, good will and assets pending either a vacature of the Default

Judgment and/or a resolution of the District Court Action.

Local Rule 1007-4(a)(iii)

15. This Chapter 11 Case was not originally commenced under Chapter 7 or 13 of the Bankruptcy Code.

Local Rule 1007-4(a)(iv)

16. Upon information and belief, no committee was organized prior to the order for relief in this Chapter 11 Case.

Local Rule 1007-4(a)(v)

17. A list of the names and addresses of the Debtor's 20 largest unsecured claims, excluding those who would not be entitled to vote at a creditors' meeting and creditors who are "insiders" as that term is defined in 11 U.S.C. Section 101(31) is annexed hereto as **Exhibit "A"**.

Local Rule 1007-4(a)(vi)

18. A list of the Debtor's 5 largest secured creditors is annexed hereto as Exhibit "B".

Local Rule 1007-4(a)(vii)

19. The Debtor's balance sheet is annexed hereto as **Exhibit "C"**.

Local Rule 1007-4(a)(viii)

20. There are no publicly held securities of the Debtor.

Local Rule 1007-4(a)(ix)

21. None of the Debtor's property is in the possession of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditor, or agent for any such entity.

Local Rule 1007-4(a)(x)

22. The Debtor is located at 2532 Henry Street, Bellmore, New York 11710.

Local Rule 1007-4(a)(xi)

23. The Debtor's records are located at 2532 Henry Street, Bellmore, New York 11710.

Local Rule 1007-4(a)(xii)

24. The following actions or proceedings are pending concerning the Debtor:
Craig Cunningham v. Enagic USA, Inc. Et Al., in the United States District Court for the Middle District of Tennessee, Index No. 15-00847

Local Rule 1007-4(a)(xiii)

25. The senior management of the Debtor is Jerry Maurer, President.

Local Rule 1007-4(xiv), (xv), and (xvi)

26. The Debtor's statement of operations, which includes the estimated monthly payroll for insiders, non-insiders and cash flow for the thirty (30) day period following the Filing Date is annexed hereto as **Exhibit "D"**.

27. The Debtor is current with all of its tax returns.

CONCLUSION

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

Dated Bellmore, New York
November 20, 2017

/s/ Jerry Maurer
Jerry Maurer

EXHIBIT A

20 LARGEST UNSECURED CREDITORS

James E. Shelton 316 Covered Bridge Road King of Prussia, PA 19406	\$259,500 (Disputed)
--------------------------------------------------------------------------	----------------------

EXHIBIT B

5 LARGEST SECURED CREDITORS

NONE

EXHIBIT C

Balance Sheet

ASSETS

Cash and Cash Equivalents	\$178,000
Good Will and Intangibles	unknown

LIABILITIES

Disputed Judgment	\$259,500
-------------------	-----------

EXHIBIT D
30 DAY ESTIMATED INCOME AND EXPENSE PROJECTION

Income -	\$25,000
----------	----------

Expenses:

Cell Phone	\$150
Internet	\$150
Salaries	\$10,000
Rent	\$1,500
Marketing/Advertising	\$5,000
Web maintenance/hosting	\$300
Miscellaneous/Office Supplies	\$500
TOTAL	\$17,600